

December 1, 2006

The Honorable Thomas J. Vilsack

Governor, State of Iowa

The Honorable Jack Kibbie

President, Iowa State Senate

The Honorable Pat Murphy

Speaker of the House

Dear Governor Vilsack and Distinguished Leaders:

For twenty-four years the Iowa Higher Education Loan Authority (IHELA) has been serving Iowa's independent not-for-profit colleges and universities by providing affordable financing of facilities through the issuance of tax-exempt debt on their behalf. It is our privilege to deliver to you the 2006 Annual Report for the Iowa Higher Education Loan Authority. This annual report is submitted in compliance with the Code of Iowa, Chapter 261A.21.

Since its founding in 1982, IHELA has completed 155 stand-alone issues totaling \$863,547,914 of which \$482,620,050 is outstanding as of June 30, 2006. During the Authority's existence, Iowa's regionally accredited independent not-for-profit private colleges have continued to grow and advance. We believe IHELA plays a significant role in enabling them to remain competitive by providing low cost capital financing.

In fiscal year 2006, IHELA issued stand-alone financings for facilities on behalf of Wartburg College, Iowa Wesleyan College and Buena Vista University. No new loans were issued in the '85 Series variable rate pool program. Participation in the Authority's Revenue Anticipation Note program, which provides short-term cash flow financings, was again significant. In 2006, nine different institutions benefited from this financing program borrowing \$31,170,000. The total amount of bonds issued for fiscal year 2006 was \$127,045,000.

IHELA recognizes that the colleges and universities are invaluable assets providing educational, cultural and economic opportunities for all the citizens of the state. It is our desire and goal to continue to be of service to Iowa's independent not-for-profit institutions of higher education. We appreciate the confidence you have placed in us and

thank you for the opportunity to serve Iowa independent higher education through these special loan programs.

Respectfully submitted,

Robert Fleming
Chairperson

Maribeth Wright
Executive Director

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IOWA HIGHER EDUCATION LOAN AUTHORITY

AUTHORITY MEMBERS

Robert Fleming

Chairperson

Mr. Fleming is a resident of Des Moines, Iowa. Mr. Fleming is President of the SUMO Group. His current term expires April 30, 2011.

Carol Burns

Vice-Chairperson

Ms. Burns is a resident of Cedar Rapids, Iowa. Ms. Burns is a civic leader in the Cedar Rapids community. Her current term expires April 30, 2008.

Stephanie Savage

Treasurer

Ms. Savage is a resident of Dubuque, Iowa. Ms. Savage is a civic leader in the Dubuque community. Her current term expires April 30, 2010.

John V. Hartung

Secretary

Mr. Hartung is a resident of Indianola, Iowa. Mr. Hartung is President of the Iowa Association of Independent Colleges and Universities. His current term expires April 30, 2009.

Dennis Houlihan

Assistant-Secretary

Mr. Houlihan is a resident of Dubuque, Iowa. Mr. Houlihan is a Financial Consultant with A.G. Edwards & Sons, Inc. His current term expires April 30, 2012.

STAFF

Maribeth Wright
Executive Director

LEGAL COUNSEL

Davis, Brown, Koehn, Shors & Roberts, P.C.

INDEPENDENT AUDITORS

Shull & Co., P.C.

FINANCIAL ADVISOR

Will B. Tschudy

BOND COUNSEL

Ahlers & Cooney, P.C.
Davis, Brown, Koehn Shors & Roberts, P.C.
Dorsey & Whitney, LLP.
Gilmore & Bell, P.C.

TRUSTEES

American National Bank & Trust Co.
Bankers Trust Company, N.A.
U.S. Bank N.A.
Wells Fargo Bank, N.A.
First National Bank of Muscatine

IOWA HIGHER EDUCATION LOAN AUTHORITY

Profile of the Authority

The Iowa Higher Education Loan Authority (the Authority) was created by the State Legislature in 1982 under the provisions of Chapter 261A, as a body politic and corporate of the State of Iowa. All obligations incurred by the Authority are exclusively those of the Authority and do not place an obligation on, or have the guarantee of, the State of Iowa. All administrative expenses of the Authority are paid from funds provided through the operation of its programs. The Authority has never received any appropriations from the State of Iowa. The Bonds issued are special and limited obligations of the Authority and do not represent, constitute or create an obligation, general or special, or debt, liability or moral obligation of the State or any political subdivision of the State within the meaning of any constitutional or statutory limitation.

The Authority was established for the purpose of financing education loans for regionally accredited independent institutions of higher education through the investment of private capital (Code of Iowa, Chapter 261A.1). In 1985, the Legislature expanded the function of the Authority to provide for loans to finance the acquisition, construction and renovation of needed educational facilities, structures and equipment, and to refund, refinance, or reimburse outstanding indebtedness incurred by eligible Iowa independent institutions (Code of Iowa, Chapter 261A.32). In 1997, the Legislature amended and expanded the function of the Authority for a project that is to be leased by the authority to an institution and to provide for loans in anticipation of the receipt of tuition by an institution. The Legislature also removed a restriction that IHELA shall not have outstanding at any one time obligations issued in an aggregate principal amount exceeding one hundred fifty million dollars (Code of Iowa, Chapter 261A.34). In 2000, the legislature amended Chapter 261A to provide that interest on obligations issued by the Authority is exempt from state income tax and to authorize the Authority to finance facilities that will be leased to institutions by a third party.

The Authority is empowered to issue tax-exempt revenue bonds and to make the proceeds available in low-interest loans to eligible institutions for the purposes stated above.

A Board of five members who are appointed by the Governor of the State and are subject to confirmation by the Senate governs the Authority. Members must be residents of Iowa and no more than three may be members of the same political party or gender. Appointments are made for six-year terms. The State Treasurer serves as an ex-officio member of the Authority.

Eligible Participating Institutions

An eligible institution means a nonprofit educational institution located in Iowa not owned or controlled by the state or any political subdivision, agency, instrumentality, district, or city of the state, which is authorized by law to provide a program of education beyond the high school level and which meets all of the following requirements:

- a) Admits as regular students only individuals having a certificate of graduation from high school, or the recognized equivalent of such a certificate.
- b) Provides an educational program for which it awards a baccalaureate degree; or provides an educational program which conditions admission upon the prior attainment of a baccalaureate degree or its equivalent, for which it awards a post-graduate degree; or provides not less than a two-year program which is acceptable for full credit toward a baccalaureate degree, or offers not less than a two year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge.
- c) Is accredited by a nationally recognized accrediting agency or association or, if not accredited, is an institution whose credits are accepted, on transfer, by not less than three institutions which are accredited.
- d) Does not discriminate in the admission of students on the basis of age, race, creed, color, sex, national origin, religion, or disability.
- e) Has a governing board which possesses its own sovereignty.
- f) Has a governing board, or delegated institutional officials, which possess final authority in all matters of local control, including educational policy, choice of personnel, determination of program, and financial management

IOWA HIGHER EDUCATION LOAN AUTHORITY

Participating Colleges & Universities

The private colleges' and universities' goal is to provide a value-oriented educational experience to students who seek and adhere to similar values and goals. To these private colleges and universities, education is a process of growth from knowledge to wisdom. Independent colleges and universities play an important and unique role in the educational community and each individual local community. The communities these institutions serve reap many cultural as well as economic benefits. Following is a description of the bond issues which IHELA has floated to provide loan funds for the students, private colleges and universities in Iowa. These funds have been used to enable students to attend the educational institution of their choice and for the enhancement of the campus facilities of these institutions. This investment is keeping these institutions on the edge of the educational process, helping to make education in Iowa among the best in the nation.

Prior Years' Issues:

\$11,350,000 Variable Rate Educational Loan Revenue Bonds – August 30, 1984.

\$70,000,000 Variable Rate Facilities Revenue Bonds – December 17, 1985.

\$1,100,000 Student Loan Revenue Bonds – November 15, 1990.

\$750,000 Private College Energy Program Notes (Briar Cliff College Project) – April 1991.

\$7,675,000 Private College Facilities Revenue Bonds (Drake University Project) – February 1992.

\$3,500,000 Private College Facilities Revenue Bonds (Loras College Project) – April 1992.

\$2,000,000 Private College Facility Revenue Bonds (Coe College Project) – June 1992.

\$1,030,000 Private College Energy Program Notes (Upper Iowa University Project) – September 1992.

\$27,495,000 Fixed Rate Facilities Refunding Revenue Bonds – September 1992.

\$600,000 Private College Energy Program Notes (Palmer College of Chiropractic Project) – September 1993.

\$19,000 Private College Energy Program Notes (Mount St. Clare College Project) – September 1993.

\$5,850,000 Private College Facilities Revenue Bonds (Graceland College Project) – December 1993.

\$500,000 Private College Lease Revenue Notes (Briar Cliff College Project) – February 1994.

\$1,840,000 Private College Facilities Revenue Bonds (Drake University Project) – March 1993.

\$141,152 Private College Lease Revenue Notes (University of Dubuque Project) – October 1994.

\$1,150,000 Private College Facilities Revenue Bonds (Coe College Project) – November 1994.

\$6,200,000 Private College Facilities Revenue Bonds (St. Ambrose University Project) – February 1995.

\$15,000,000 Private College Facilities Revenue Bonds (University of Osteopathic Medicine and Health Sciences Project) – May 1995.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Participating Colleges & Universities

\$950,000 Private College Energy Program Notes (Drake University Project) – October 1995.

\$4,675,000 Private College Facilities Revenue Bonds (St. Ambrose University Project) – February 1996.

\$719,183 Private College Lease Revenue Notes (Briar Cliff College Project) – May 1996.

\$12,000,000 Private College Facilities Revenue Bonds (Grinnell College Project) – July 1996.

\$882,653 Private College Energy Program Notes (William Penn College Project) – July 1996.

\$569,640 Private College Energy Program Notes (Iowa Wesleyan College Project) – November 1996.

\$8,915,000 Private College Facilities Revenue Bonds (Loras College Project) – December 1996.

\$16,530,000 Fixed Rate Facilities Refunding Revenue Bonds – December 1996

\$2,575,000 Private College Facilities Revenue Bonds (St. Ambrose University Project) – February 1997.

\$400,000 Private College Lease Revenue Notes (Faith Baptist Bible College Project) – February 1997.

\$1,168,500 Private College Lease Revenue Notes (Wartburg College Project) – March 1997.

\$12,695,000 Private College Facilities Revenue Bonds (Palmer Chiropractic College Project) – April 1997.

\$530,000 Private College Lease Revenue Notes (Coe College Project) – April 1997.

\$510,000 Private College Lease Revenue Notes (Waldorf College Project) – June 1997.

\$510,000 Private College Lease Revenue Notes (Grand View College Project) – July 1997.

\$744,900 Private College Lease Revenue Notes (Briar Cliff College Project) – July 1997.

\$10,445,000 Private College Facilities Revenue Bonds (Luther College Project) – October 1997.

\$175,000 Private College Energy Program Notes (Mt. Mercy College Project) – April 1998.

\$4,030,000 Private College Facility Revenue Bonds (American Institute of Business Project) – June 1998.

\$9,500,000 Private Education Working Capital Loan Program (Series A, B, C, and D) – July 1998.

\$408,000 Private College Lease Revenue Notes (Mt. Mercy College Project) – July 1998.

\$159,886 Private College Lease Revenue Notes (Clarke College Project) – July 1998.

\$20,320,000 Private College Facilities Revenue Bonds (Central College Project) – August 1998.

\$4,500,000 Private College Facilities Revenue Bonds (Maharishi Univ. of Management Project) – March 1999.

\$11,725,000 Private Education Working Capital Loan Program (Series A, B, D, G, H and K) – May 1999.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Participating Colleges & Universities

\$5,495,000 Private College Facility Revenue Bonds (Mt. Mercy College Project) – July 1999.

\$12,000,000 Private College Facility Revenue Bonds (Waldorf College Project) – September 1999.

\$12,595,000 Private College Facilities Revenue Bonds (St. Ambrose University Project) – October 1999.

\$9,000,000 Private College Facility Revenue Bonds (Briar Cliff Project) – November 1999.

\$4,000,000 Private College Facility Revenue Bonds (Iowa Wesleyan College Project) – March 2000.

\$9,420,000 Private College Facility Revenue Bonds (Wartburg Theological Seminary Project) – March 2000.

\$16,615,000 Private Education Working Capital Loan Program (Series A, B, D, F, G, H, & I) - May 2000.

\$3,500,00 Private Education Working Capital Loan Program (Series C & J) – June 2000.

\$375,000 Private College Revenue Notes (Wartburg Theological Seminary Project) – August 2000.

\$7,500,000 Private College Facility Revenue Bonds (Grand View College Project) – October 2000.

\$1,500,000 Private College Facility Revenue Bonds (Maharishi University of Management Project) – October 2000.

\$20,450,000 Private College Facility Revenue Bonds (Loras College Project) – November 2000.

\$1,200,000 Private College Revenue Notes (University of Dubuque Project) – February 2001.

\$42,910,000 Private College Facility Revenue Bonds (Central College Project) – May 2001.

\$31,250,000 Private Education Working Capital Loan Program Series (Series A,B,C,D,E,F,H,I,J,K, L,M,N, & O) – May 2001.

\$2,380,000 Private Education Capital Projects Revenue Notes (Series G) – May 2001.

\$10,000,000 Variable Rate Demand Private College Facility Revenue Bonds (Cornell College Project) – November 2001.

\$50,000,000 Private College Facility Variable Rate Demand Revenue Bonds (Grinnell College Project) – December 2001.

\$7,605,000 Variable Rate Demand Private College Facility Revenue Bonds (Buena Vista University Project) – December 2001.

\$5,000,000 Variable Rate Demand Private College Facility Revenue Bonds (Loras College Project) – February 2002.

\$30,880,000 Private Education Working Capital Loan Program Series (Series A, B, C, D, H, I, J, K, M, N, O) – May 2002.

Participating Colleges & Universities

\$3,595,000 Variable Rate Demand Private College Facility Revenue Bonds (Mount Mercy College Project) – July 2002.

\$50,000,000 Private College Facility Revenue Bonds (Wartburg College Project) – July 2002.

\$15,000,000 Adjustable Rate Put Option Private College Facility Revenue Bonds (Luther College Project) – September 2002.

\$9,600,000 Higher Education Facilities Revenue Bonds (Buena Vista University Project) – December 2002.

\$15,900,000 Private College Facility Variable Rate Revenue Bonds (Graceland University Project) – February 2003.

\$37,795,000 Variable Rate Demand Private College Facility Revenue and Refunding Bonds (St. Ambrose University Project) – April 2003.

\$1,000,000 Higher Education Facilities Revenue Bond (Buena Vista University Project) – May 2003

\$22,700,000 Variable Rate Demand Private College Facility Revenue Bonds (Des Moines University Project) – July 2003.

\$31,800,000 Private Education Working Capital Loan Program Series (Series A, B, C, D, E, F, G, H, I, & J) – May 2003.

\$6,015,000 Private College Facility Revenue Bonds (Waldorf College Project) – May 2004.

\$1,040,000 Private College Facility Revenue Bonds (Buena Vista University Project) – May 2004.

\$23,695,000 Private Education Working Capital Loan Program Notes (Series A, B, C, E, F, G, H, & I) – May 2004.

\$13,200,000 Variable Rate Demand Private College Facility Revenue Bonds (University of Dubuque Project) – May 2004

\$13,785,000 Private College Facility Revenue Refunding Bonds (Des Moines University Project) – June 2004.

\$2,250,000 Private College Facility Revenue Bonds (Buena Vista University Project) – June 2004.

\$12,140,000 Private College Facility Revenue Bonds (Simpson College Project) – February 2005.

\$6,715,000 Private College Facility Refunding and Revenue Bonds (William Penn University Project) – May, 2005.

\$4,785,000 Taxable Private College Facility Refunding Revenue Bonds (William Penn University Project) – May, 2005.

\$25,200,000 Private Education Working Capital Loan Program Notes (Series A, B, C, E, F, G, H & I) – May, 2005.

Current Year Issues:

\$50,420,000 Private College Facility Revenue Refunding Bonds (Wartburg College Project) – December, 2005.

\$37,305,000 Private College Facility Revenue Bonds (Wartburg College Project) – December, 2005.

\$5,750,000 Private College Facility Revenue and Refunding Bonds (Iowa Wesleyan College Project) – May, 2006.

\$31,170,000 Private Education Working Capital Loan Program Notes (Series A, B, C, D, E, F, G, H & I) – May, 2006.

\$2,400,000 Private College Facility Revenue Bonds (Buena Vista University Project) – June, 2006.

STUDENT LOAN PROGRAMS

\$11,350,000 Variable Rate Education Loan Revenue Bonds -- Series 1984

The Iowa Higher Education Loan Program began operation in 1984 with the sale of \$11,350,000 in tax-exempt bonds. This program offered loans to students enrolled at twelve of the private institutions in the State and was designed to supplement other types of financial aid.

The program distributed over \$1,000,000 in loans and was able to help 296 students who chose to attend an Iowa private college. The bonds of this issue were fully paid or redeemed on July 1, 1999.

Listed below are the Iowa independent colleges and universities that participated in the loan program and the total number of student loans made by institution.

Buena Vista College	52 Loans	\$ 146,019.27
Central College	21 Loans	\$ 83,475.96
Clarke College	30 Loans	\$ 107,739.03
Coe College	13 Loans	\$ 47,556.17
Drake University	21 Loans	\$ 85,406.41
Luther College	24 Loans	\$ 108,190.36
St. Ambrose University	18 Loans	\$ 77,165.77
Simpson College	70 Loans	\$ 218,459.91
University of Dubuque	17 Loans	\$ 71,711.22
Wartburg College	28 Loans	\$ 111,165.77
Westmar University	2 Loans	\$ 4,491.98

FACILITIES LOAN PROGRAMS

\$70,000,000 Private College Facilities Revenue Bonds -- Series 1985

Briar Cliff College	Briar Cliff College (II) Buena Vista College
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Buena Vista University
 Central College (I)
 Central College (II)
 Clarke College
 Coe College
 Cornell College
 Dordt College
 Faith Baptist Bible College
 Grand View College (I)
 Grand View College (II)
 Iowa Wesleyan College (I)
 Iowa Wesleyan College (II)
 Loras College (I)
 Loras College (II)
 Loras College (III)
 Luther College
 Maharishi University of Management
 Maharishi University of Management
 Marycrest International University
 Morningside College (I)
 Morningside College (II)
 Mount St. Clare College
 Palmer College of Chiropractic (I)
 Palmer College of Chiropractic (II)
 St. Ambrose University (I)
 St. Ambrose University (II)
 St. Ambrose University (III)
 Simpson College (I), (II), (III), (IV),
 (V), (VI), (VII), (VIII), (IX)
 University of Dubuque (I)
 University of Dubuque (II)
 Upper Iowa University (I)
 Upper Iowa University (II)
 Waldorf College (I)
 Waldorf College (II)
 Wartburg College (I)
 Wartburg College (II)
 Wartburg College (III)
 Wartburg Theological Seminary (I)
 Wartburg Theological Seminary (II)
 Wartburg Theological Seminary (III)
 Wartburg Theological Seminary (IV)

The Iowa Higher Education Facilities
 Loan Program, which began operations
 in December 1985, with the sale of
 \$70,000,000 in tax-exempt bonds, has
 assisted twenty-five institutions in
 obtaining the financing needed for
 facilities' projects. This program offers
 facility loans to Iowa's independent
 colleges and universities for new

construction, refinancing existing facility's debt, renovations, equipment
 purchase, energy conservation, acquisition of buildings, and
 reimbursement of facilities' expenditures incurred over the past three
 years. On June 30, 2006, \$108,537,066 in loan funds has been
 disbursed to the private institutions.

The \$70,000,000 in tax-exempt bonds allowed for a \$58,000,000 loan
 pool from which the institutions can borrow. A debt service reserve
 fund of \$10,500,000 was established; and \$1,500,000 (or 2% of the
 issue) was allocated to cover the cost of issuance.

The issuance costs have been recovered through program investments
 and making of loans. The earnings from the program's investments are
 now being credited to the participating institutions. The unique feature
 of the program's revolving funds, which build with the principal
 repayment of loans, allows facilities funds to be available for future
 needs.

The terms for repayment are based on the nature of the project being
 financed, with a maximum term of ten years. Loan repayments include
 principal and interest plus a program expense component that is paid
 monthly beginning one month after the institution receives its loan
 proceeds. The interest on the loans is based on the variable weekly
 bond rate set by JP Morgan, the program's remarketing agent. The
 effective loan rate for the twelve-month period ending June 30, 2006,
 averaged 3.85%. This rate included interest plus the expense
 component. The bonds mature in 2015.

Thirty-three independent Iowa colleges and universities are eligible to
 participate in the facilities loan program. Institutions must meet the
 requirements established by MBIA Insurance Corporation (MBIA), the
 program's insurer. Listed to the left are the institutions that have
 participated in the program.

FACILITIES LOAN PROGRAMS

SALLIE MAE PROGRAM

The IHELA Statewide Sallie Mae Program has been a valuable service to the colleges. Listed below are the institutions that have participated in the program and their loan amounts.

Drake University	February, 1992A	\$ 4,075,000
Drake University	February, 1992B	\$ 3,600,000
Loras College	April, 1992	\$ 3,500,000
Coe College	June, 1992	\$ 2,000,000
Graceland College	December, 1993	\$ 5,850,000
Drake University	March, 1994	\$ 1,840,000
Coe College	November, 1994	\$ 1,150,000

LEASE PURCHASE PROGRAM

The IHELA Lease Purchase Program is another financing option for the Iowa colleges. The Private College Lease Program was designed to help finance fungible assets, such as computers, software, telephone systems, fiber optics, or other assets with a short capital life. Listed below are the institutions that have participated in the program and their loan amounts.

Briar Cliff College	February, 1994	\$ 500,000
University of Dubuque	October, 1994	\$ 141,152
Briar Cliff College	May, 1995	\$ 719,183
Faith Baptist Bible College	February, 1997	\$400,000
Wartburg College	March, 1997	\$1,168,500
Coe College	April, 1997	\$530,000
Waldorf College	June, 1997	\$510,000
Grand View College	July, 1997	\$510,000
Briar Cliff College	July, 1997	\$744,900
Mt. Mercy College	July, 1998	\$408,000
Clarke College	July, 1998	\$159,886
Wartburg Theological Seminary	August, 2000	\$375,000
University of Dubuque	February, 2001	\$1,200,000
Grand View College	August, 2004	\$1,250,000

1. Dordt College -----	Sioux Center
2. Briar Cliff University -----	Sioux City
3. Morningside College-----	Sioux City
4. Buena Vista University -----	Storm Lake
5. Waldorf College -----	Forest City
6. Wartburg College-----	Waverly
7. Upper Iowa University -----	Fayette
8. Luther College -----	Decorah
9. Clarke College -----	Dubuque
10. University of Dubuque -----	Dubuque
11. Loras College -----	Dubuque
12. Wartburg Theological Seminary -----	Dubuque
13. Coe College -----	Cedar Rapids
14. Mount Mercy College-----	Cedar Rapids
15. Palmer College of Chiropractic-----	Davenport
16. St. Ambrose University-----	Davenport
17. Grinnell College -----	Grinnell
18. Central College -----	Pella
19. William Penn University -----	Oskaloosa
20. Maharishi University of Management -----	Fairfield
21. Iowa Wesleyan College -----	Mt. Pleasant
22. Graceland University -----	Lamoni
23. Simpson College-----	Indianola
24. Faith Baptist Bible College & Seminary -----	Ankeny
25. AIB College of Business -----	Des Moines
26. Drake University -----	Des Moines
27. Grand View College -----	Des Moines
28. Des Moines University of Osteopathic Medicine -----	Des Moines
30. Mercy College of Health Sciences -----	Des Moines
31. Allen College -----	Waterloo
32. Cornell College -----	Mt. Vernon

33. Northwestern College----- Orange City

IOWA HIGHER EDUCATION LOAN AUTHORITY

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

June 30, 2006

INDEPENDENT AUDITOR'S REPORT

Members of the Authority
Iowa Higher Education Loan Authority

We have audited the accompanying statement of net assets of each major fund of Iowa Higher Education Loan Authority (the Authority), a component unit of the State of Iowa, as of June 30, 2006 and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund of the Authority as of June 30, 2006 and the respective revenues, expenses, and changes in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on page 2 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information included in schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements nor is it intended to present the financial position and results of operations of the individual components of the funds. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

September 29, 2006

IOWA HIGHER EDUCATION LOAN AUTHORITY

Management Discussion & Analysis June 30, 2006

General Overview

Fiscal year 2006 was an active year for the Iowa Higher Education Loan Authority (IHELA). FY 2006 saw IHELA issue 12 separate bond financings totaling \$127,045,000. This level of business generated operating revenues totaling \$188,071 (\$28,368 or 18% more than FY 2005). IHELA continued its investment in additional financing programs and support services during the fiscal year, including the credit assessment program with Moody's and Standard & Poor's rating agencies. IHELA introduced and implemented a benchmarking service that provided an in-depth analysis of 30 key ratios for participating institutions. Eighteen institutions participated in the program and IHELA partnered with Virchow Krause to complete the project. IHELA covered 2/3 of the participation costs for each institution (\$20,704); therefore, overall operating expenses totaled \$169,979 (\$22,478 or 15% increase from FY 2005).

Iowa's private colleges and universities continued to benefit from favorable interest rates in the bond market. Long-term tax-exempt rates were up in FY 2006, but still only 60 basis points higher than their 40-year lows in 2003. Even with these increases facility needs will maintain the demand for access to the tax-exempt bond market. Interest rates in the investment market began to produce slightly higher returns in FY 2006. Investments across all programs saw higher returns when compared to previous years.

1985 Series

No new loans were issued in the '85 Series variable rate pool program during FY 2006. The pool experienced a steady increase in the return on investments over the course of the year. These higher returns were a product of the improved investment market coupled with the performance under the investment contract renegotiated in January 2002. The contract interest rate is equal to the Bond Market Trade Association (BMA) Index plus 113.5 basis points and was 5.11% on June 30, 2006. Due to the fact that no new loans were issued prior to the end of the fiscal year, \$1,300,000 bonds were redeemed. The amount of bonds outstanding is now \$32,800,000. Revenues for the '85 Series were \$1,405,095 with net assets of \$722,295 as of June 30, 2006.

1996 Series

Revenues for the '96 Series showed declines in FY 2006. Revenues totaled \$59,327, a 43% decline from FY 2005. This decline results from the expected decrease in loan revenues as the program gets closer to its final maturity in 2007. Net assets as of June 30, 2006 were \$90,862. The investment contracts entered into have interest rates that are fixed at 6.22% and 5.52%.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Statement of Net Assets June 30, 2006

Assets	Series 1985 Funds	Series 1996 Funds	General Fund	Totals
Current assets:				
Cash and investments	\$ -	-	1,196,249	1,196,249
Accounts receivable	-	-	3,500	3,500
Assets held by trustee:				-
Investments and cash	1,180,795	169	-	1,180,964
Current portion of facilities loans receivable	1,397,345	-	-	1,397,345
Accrued interest receivable	135,944	22,637	14,351	172,932
Prepaid insurance	94,000	187	-	94,187
Total current assets	<u>2,808,084</u>	<u>22,993</u>	<u>1,214,100</u>	<u>4,045,177</u>
Noncurrent assets:				
Capital assets less accumulated depreciation	-	-	1,939	1,939
Assets held by trustee:				
Investments	18,237,497	993,436	-	19,230,933
Facilities loans receivable	12,758,845	-	-	12,758,845
Total noncurrent assets	<u>30,996,342</u>	<u>993,436</u>	<u>1,939</u>	<u>31,991,717</u>
Total assets	<u>\$ 33,804,426</u>	<u>1,016,429</u>	<u>1,216,039</u>	<u>36,036,894</u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 5,711	6,932	3,022	15,665
Accrued interest payable	108,725	18,750	-	127,475
Unearned origination fees	35,419	-	-	35,419
Bonds payable, net	-	519,893	-	519,893
Total current liabilities	<u>149,855</u>	<u>545,575</u>	<u>3,022</u>	<u>698,452</u>
Noncurrent liabilities:				
Bonds payable, net	32,800,000	379,992	-	33,179,992
Unearned origination fees	132,276	-	-	132,276
Total noncurrent liabilities	<u>32,932,276</u>	<u>379,992</u>	<u>-</u>	<u>33,312,268</u>
Total liabilities	<u>\$ 33,082,131</u>	<u>925,567</u>	<u>3,022</u>	<u>34,010,720</u>
Net Assets				
Restricted net assets - per bond resolutions	\$ 722,295	90,862	-	813,157
Invested in capital assets	-	-	1,939	1,939
Unrestricted	-	-	1,211,078	1,211,078
Total net assets	<u>\$ 722,295</u>	<u>90,862</u>	<u>1,213,017</u>	<u>2,026,174</u>

See accompanying notes to financial statements.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Statement of Revenues, Expenses, and Changes in Net Assets Year ended June 30, 2006

	Series 1985 Funds	Series 1996 Funds	General Fund	Totals
Operating revenues:				
Interest income:				
Investments	\$ 809,998	42,773	44,401	897,172
Facilities loans	595,097	16,554	-	611,651
Other	<u>-</u>	<u>-</u>	<u>143,670</u>	<u>143,670</u>
Total operating revenues	<u>1,405,095</u>	<u>59,327</u>	<u>188,071</u>	<u>1,652,493</u>
Operating expenses:				
Interest	1,363,218	53,288	-	1,416,506
General and administrative	<u>-</u>	<u>-</u>	<u>169,979</u>	<u>169,979</u>
Total operating expenses	<u>1,363,218</u>	<u>53,288</u>	<u>169,979</u>	<u>1,586,485</u>
Operating income	41,877	6,039	18,092	66,008
Transfers, net	(34,100)	(1,810)	35,910	-
Net assets at beginning of year	<u>714,518</u>	<u>86,633</u>	<u>1,159,015</u>	<u>1,960,166</u>
Net assets at end of year	<u><u>\$ 722,295</u></u>	<u><u>90,862</u></u>	<u><u>1,213,017</u></u>	<u><u>2,026,174</u></u>

See accompanying notes to financial statements.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Statement of Cash Flows Year ended June 30, 2006

	Series 1985 Funds	Series 1996 Funds	General Fund	Totals
Cash flows from operating activities:				
Interest received on loans	\$ 529,881	19,176	-	549,057
Interest refunds paid	(391,246)	-	-	(391,246)
Cash receipts for fees	-	-	140,170	140,170
Principal repayments on loans	1,567,950	725,268	-	2,293,218
Purchase of loans	(438,300)	-	-	(438,300)
Cash payments for operating expenses	-	-	(168,352)	(168,352)
Net cash provided (used) by operating activities	<u>1,268,285</u>	<u>744,444</u>	<u>(28,182)</u>	<u>1,984,547</u>
Cash flows from noncapital financing activities:				
Repayment of debt	(1,300,000)	(910,000)	-	(2,210,000)
Payment of interest on bonds	(1,316,480)	(75,388)	-	(1,391,868)
Interfund transfers	(34,100)	(1,810)	35,910	-
Net cash provided (used) by noncapital financing activities	<u>(2,650,580)</u>	<u>(987,198)</u>	<u>35,910</u>	<u>(3,601,868)</u>
Cash flows from investing activities:				
Net change in investments	581,245	198,422	-	779,667
Interest received on investments	801,050	44,332	36,244	881,626
Net cash provided (used) by investing activities	<u>1,382,295</u>	<u>242,754</u>	<u>36,244</u>	<u>1,661,293</u>
Net increase in cash and investments	-	-	43,972	43,972
Cash and investments at beginning of year	-	-	1,152,277	1,152,277
Cash and investments at end of year	<u>\$ -</u>	<u>-</u>	<u>1,196,249</u>	<u>1,196,249</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 41,877	6,039	18,092	66,008
Amortization	(41,285)	-	-	(41,285)
Depreciation	-	-	928	928
Increase in accounts receivable	-	-	(3,500)	(3,500)
(Increase) decrease in accrued interest receivable	(23,931)	2,622	-	(21,309)
Increase in accounts payable	-	-	699	699
Decrease in interest refunds payable	(391,246)	-	-	(391,246)
Interest income on investments	(809,998)	(42,773)	(44,401)	(897,172)
Interest expense on bonds	1,363,218	53,288	-	1,416,506
Principal repayments on loans	1,567,950	725,268	-	2,293,218
Purchases of loans	(438,300)	-	-	(438,300)
Net cash provided (used) by operating activities	<u>\$ 1,268,285</u>	<u>744,444</u>	<u>(28,182)</u>	<u>1,984,547</u>

See accompanying notes to financial statements.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Notes to Financial Statements June 30, 2006

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Iowa Higher Education Loan Authority (the Authority) was created in 1982 under Chapter 261A of the Code of Iowa as a tax-exempt public instrumentality to promote, encourage, and further the investment of private capital in the provision of funds for financing of education loans for students attending participating private education institutions in the state of Iowa (the State). Chapter 261A was subsequently amended by the Iowa Legislature to enable the Authority to provide financing for the acquisition, construction, and renovation of educational facilities, structures, and equipment to private educational institutions in the State. The Authority is authorized to issue, and has issued, bonds to provide education and facilities loan financing. The Authority is also authorized to serve as a conduit issuer for facility bond financings. When utilized in this capacity, the Authority charges an issuance fee in connection with its role as issuer of the bonds.

The authority has no taxing authority, and bonds issued do not constitute a debt, liability, or obligation of the State or any political subdivision thereof. The Authority is a component unit of the State. The Authority's financial statements are included in the State's comprehensive annual financial report.

Fund Accounting – The Authority's accounts are organized primarily as restricted funds, which are sets of self-balancing accounts for the assets, liabilities, net assets, and revenues and expenditures of the Authority's education and facilities loan programs. The restricted funds account for the proceeds from the education and facilities loan revenue and refunding bonds, the debt service requirements of the bonds, the related education and facilities loans purchased, and each program's expenses.

The Authority has an unrestricted general fund which accounts for the general and administrative functions for the Authority.

Basis of Presentation – The financial statements have been prepared using the economic resources measurement focus and the accrual method of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

In accordance with the provisions of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority applies only Financial Accounting standards Board (FASB) Statements and Interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins issued on or before November 30, 1989.

The Authority's management has presented the Series 1985 and 1996 funds individually as major funds within the Authority's financial statements to assist users of the Authority's financial statements.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Notes to Financial Statements (Continued)

June 30, 2006

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Accounts – At June 30, 2006 the carrying amount of the Authority's deposits with a financial institution was \$110,415, and the bank balance was \$120,810, which is covered by federal depository insurance or collateralized.

Education and Facilities Loans Receivable – Education and facilities loans receivable are recorded at the original loan amounts, reduced by principal payments. Origination fees are amortized over the life of the loans, using the interest method.

Bond Issuance Costs, Discounts, Premiums, and Expenses – Bond issuance costs, discounts, and premiums are deferred and amortized as an adjustment to interest expense over the life of each bond issue, using the bonds outstanding method. Additionally, interest expense includes trustee fees and fees for bond insurance.

Unearned Origination Fees – Unearned origination fees were \$167,695 at June 30, 2006 with the change during the year of \$11,000 of new fees charged less \$41,285 of amortization.

Transfers – Transfers between funds were primarily from the Series 1985 and Series 1996 funds to the general fund for general and administrative expenses.

2. CASH AND INVESTMENTS

A summary of the Authority's cash and investments is as follows (cost approximates fair value):

Cash account	\$ 110,415
Money market account	40,541
Certificates of deposit maturing through February 2007	650,000
Federal Home Loan Bank 4.5% note maturing November 2006	199,904
U.S. Treasury bill maturing August 2006	195,389
	<u>\$ 1,196,249</u>

The Authority's investment in the money market account is not rated.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Notes to Financial Statements (Continued) June 30, 2006

3. INVESTMENTS AND CASH HELD BY TRUSTEE

A summary of investments and cash held by trustee is as follows (cost approximates fair value):

Cash account	\$ 813,660
Goldman Sachs Financial Square Treasury Instrument Fund (Money Market Funds):	
Series 1985	367,135
Series 1996	169
	<u>367,304</u>
	<u>1,180,964</u>
Investment agreement - Series 1985 (a)	18,237,497
Investment agreements - Series 1996 (b)	993,436
	<u>19,230,933</u>
	<u>\$ 20,411,897</u>

At June 30, 2006, the Authority's deposits held by the Trustee were uninsured and uncollateralized. All of the investments were rated AAA.

- (a) The trustee, on the Authority's behalf, has entered into an investment agreement with a bank which will terminate on January 30, 2007. The interest rate is equal to the Bond Market Trade Association Index plus 113.5 basis points, adjusted weekly, and was 5.11% at June 30, 2006.
- (b) The trustee, on the Authority's behalf, has entered into two investment agreements with a bank which will terminate on August 1, 2004, with automatic annual extensions through July 30, 2007. The interest rates are fixed at 6.22% and 5.52% during the term of the agreements.

4. FACILITIES LOANS RECEIVABLE

Facilities loans receivable are loans made by the Authority to participating educational institutions. The loans have varying maturity dates, with principal payments due monthly based upon varying amortization periods of up to fifteen years. The interest rate on the loans made under the 1985 issue varies monthly based upon a calculation which is a function of the monthly interest expense on the facilities loan bonds plus the necessary expenses of the Authority to administer the facilities program. Excluding the effect of amortization of the origination fees, the interest rates for the year ended June 30, 2006 averaged approximately 3.85%. Loans financed under the 1996 bond issue had an interest rate of 5.00% until December 1, 1997, then 4.85%, until December 1, 2001, then 3.80%.

The loans are secured by either a standby letter of credit facility with a qualifying financial institution or a mortgage from the participating educational institution.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Notes to Financial Statements (Continued) June 30, 2006

5. BONDS PAYABLE

Bonds payable are the direct and general obligations of the Authority, payable primarily from the principal and interest payments of facilities loans. The bonds are secured by the revenues and recoveries of principal and all amounts held in any account established under the bond indentures of trust. In addition, such accounts are restricted in accordance with the provisions of the applicable indentures of trust. A summary of bonds payable at June 30, 2006 follows:

Private college facilities revenue bonds, Series 1985(a)	\$ 32,800,000
Private college facilities refunding bonds, Series 1996(b)	900,000
Less unamortized bond issuance costs	(1,082)
Plus unamortized bond premium	<u>967</u>
	<u>899,885</u>
Total bonds payable	<u><u>\$ 33,699,885</u></u>

- (a) The bonds are term bonds due December 1, 2015. The interest rate on the bonds may be set at a variable rate for various time periods or at a fixed rate as established by the rate-setting agent. In accordance with the indenture of trust, the interest rate cannot exceed 15%, except on bonds not remarketed. For the year ended June 30, 2006, the interest rate has varied on a weekly basis. The interest rate was 4.04% at June 30, 2006.

The Authority has an agreement with JPMorgan Chase Bank, which requires the bank to purchase any bonds not remarketed on any interest payment date. The term of the agreement extends to the earlier of December 3, 2008, the date the bonds are converted to a fixed rate, or the date the bonds and their related interest are paid in full.

The Authority has obtained insurance from an insurance association which guarantees the payment of principal and interest on the bonds and the payment of certain fees relating to the facilities program. The insurance policy expires on December 1, 2015.

The bonds are subject to mandatory redemption requirements. The mandatory redemption amounts will vary according to the amounts available in certain accounts held by the trustee. During the year ended June 30, 2006, \$1,300,000 of bonds were redeemed. In July 2006 an additional \$800,000 of bonds were redeemed. In the event of conversion to a fixed interest rate, the Authority has the option to redeem bonds at prices ranging from 101.50% to 100.50% and, subsequently, at prices declining to par.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Notes to Financial Statements (Continued)

June 30, 2006

5. BONDS PAYABLE (CONTINUED)

(b) The bonds are serial bonds due August 1, 1997 through August 1, 2007. Serial bond maturities are as follows:

<u>June 30,</u>	
2007	\$ 520,000
2008	380,000

Interest on the remaining serial bonds is 5.00% per annum.

The Authority has also obtained insurance from an insurance association which guarantees the payment of principal and interest on the bonds and the payment of certain fees relating to the facilities program. The insurance policy expires on August 1, 2007.

A summary of the bonds payable activity for the year ended June 30, 2006 follows:

	Beginning Balance	Amortization of Cost of Issuance	Repayments and Amortization of Premium	Ending Balance
1985 Series	\$ 34,100,000	-	1,300,000	32,800,000
1996 Series	1,809,638	2,313	912,066	899,885
Total bonds payable	<u>35,909,638</u>	<u>2,313</u>	<u>2,212,066</u>	<u>33,699,885</u>

A summary of bond interest expense follows:

Year ending June 30	Series 1985 Funds	Series 1996 Funds
2007	1,325,120	21,167
2008	1,325,120	1,583
2009	1,325,120	-
2010	1,325,120	-
2011	1,325,120	-
2012-2014	3,975,360	-
2015	220,853	-

IOWA HIGHER EDUCATION LOAN AUTHORITY

Notes to Financial Statements (Continued) June 30, 2006

6. CAPITAL ASSETS

A summary of capital assets activity for the year ended June 30, 2006 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, being depreciated				
Equipment	\$ 16,269	-	-	16,269
Total	16,269	-	-	16,269
Less accumulated depreciation	13,402	928	-	14,330
Capital assets, net	\$ 2,867	(928)	-	1,939

7. CONDUIT DEBT OBLIGATIONS

From time to time the Authority has issued bonds to provide property and equipment financing for private educational institutions. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2006, bonds outstanding aggregated approximately \$482,620,000.

8. INTEREST REFUNDS

During the year ended June 30, 2006, the Authority learned the Trustee of the Series 1985 bonds had been incorrectly computing the interest charged on the facilities loans receivable under the issue. Recalculation of the interest due from borrowers resulted in refunds from the Authority to the borrowers of \$736,654 of which \$345,408 was paid in the year ended June 30, 2005 and \$391,246 was paid in the year ended June 30, 2006.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Net Assets Information Higher Education Facilities Program Funds Private College Facilities Revenue Bonds, Series 1985 June 30, 2006

Assets	Revenue Account	Debt Service Reserve Account
Current assets:		
Assets held by trustee:		
Investments and cash	\$ -	-
Current portion of facilities loans receivable	1,397,345	-
Accrued interest receivable	60,687	27,144
Prepaid insurance	-	-
Total current assets	<u>1,458,032</u>	<u>27,144</u>
Noncurrent assets:		
Assets held by trustee:		
Investments	-	6,928,770
Facilities loans receivable	<u>12,758,845</u>	-
Total noncurrent assets	<u>12,758,845</u>	<u>6,928,770</u>
Total assets	<u><u>\$ 14,216,877</u></u>	<u><u>6,955,914</u></u>
Liabilities		
Current liabilities:		
Accounts payable	\$ -	-
Accrued interest payable	-	-
Unearned origination fees	<u>35,419</u>	-
Total current liabilities	<u>35,419</u>	-
Noncurrent liabilities:		
Bonds payable, net	32,800,000	-
Unearned origination fees	<u>132,276</u>	-
Total noncurrent liabilities	<u>32,932,276</u>	-
Total liabilities	<u><u>\$ 32,967,695</u></u>	<u><u>-</u></u>
Net assets (deficit)	<u><u>\$ (18,750,818)</u></u>	<u><u>6,955,914</u></u>

See accompanying independent auditors' report.

Schedule 1

<u>Bond Fund Interest Account</u>	<u>Mandatory Redemption Account</u>	<u>Revolving Fund Quarterly Accounts</u>	<u>Administrative Expense Account</u>	<u>Total</u>
257,991	37,492	824,660	60,652	1,180,795
-	-	-	-	1,397,345
781	130	47,074	128	135,944
-	-	-	94,000	94,000
<u>258,772</u>	<u>37,622</u>	<u>871,734</u>	<u>154,780</u>	<u>2,808,084</u>
-	-	11,308,727	-	18,237,497
-	-	-	-	12,758,845
-	-	<u>11,308,727</u>	-	<u>30,996,342</u>
<u>258,772</u>	<u>37,622</u>	<u>12,180,461</u>	<u>154,780</u>	<u>33,804,426</u>
-	-	-	5,711	5,711
108,725	-	-	-	108,725
-	-	-	-	35,419
<u>108,725</u>	-	-	<u>5,711</u>	<u>149,855</u>
-	-	-	-	32,800,000
-	-	-	-	132,276
-	-	-	-	<u>32,932,276</u>
<u>108,725</u>	-	-	<u>5,711</u>	<u>33,082,131</u>
<u>150,047</u>	<u>37,622</u>	<u>12,180,461</u>	<u>149,069</u>	<u>722,295</u>

IOWA HIGHER EDUCATION LOAN AUTHORITY

Revenues, Expenses, and Changes in Net Assets Information Higher Education Facilities Program Funds Private College Facilities Revenue Bonds, Series 1985 Year ended June 30, 2006

	Revenue Account	Debt Service Reserve Account
Operating revenues:		
Interest income:		
Investments	\$ -	284,437
Facilities loans	595,097	-
Total operating revenues	595,097	284,437
Operating expenses:		
Interest	-	-
Operating income (loss)	595,097	284,437
Transfers, net:		
Transfer to purchase facilities loans	438,300	-
Transfer to general fund	-	-
Other	(797,547)	(280,210)
Total transfers, net	(359,247)	(280,210)
Net change in net assets	235,850	4,227
Net assets (deficit) at beginning of year	(18,986,668)	6,951,687
Net assets (deficit) at end of year	\$ (18,750,818)	6,955,914

See accompanying independent auditors' report.

Schedule 2

<u>Bond Fund Interest Account</u>	<u>Mandatory Redemption Account</u>	<u>Revolving Fund Quarterly Accounts</u>	<u>Administrative Expense Account</u>	<u>Total</u>
7,438	1,271	514,184	2,668	809,998
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>595,097</u>
7,438	1,271	514,184	2,668	1,405,095
<u>1,028,998</u>	<u>-</u>	<u>-</u>	<u>334,220</u>	<u>1,363,218</u>
<u>(1,021,560)</u>	<u>1,271</u>	<u>514,184</u>	<u>(331,552)</u>	<u>41,877</u>
-	-	(438,300)	-	-
-	-	-	(34,100)	(34,100)
<u>1,327,138</u>	<u>26,675</u>	<u>(642,054)</u>	<u>365,998</u>	<u>-</u>
<u>1,327,138</u>	<u>26,675</u>	<u>(1,080,354)</u>	<u>331,898</u>	<u>(34,100)</u>
305,578	27,946	(566,170)	346	7,777
<u>(155,531)</u>	<u>9,676</u>	<u>12,746,631</u>	<u>148,723</u>	<u>714,518</u>
<u>150,047</u>	<u>37,622</u>	<u>12,180,461</u>	<u>149,069</u>	<u>722,295</u>

IOWA HIGHER EDUCATION LOAN AUTHORITY

Net Assets Information Higher Education Facilities Program Funds Private College Facilities Refunding Revenue Bonds, Series 1996 June 30, 2006

Assets	Revenue Account	Earnings Sub-Account	Debt Service Reserve Account
Current assets:			
Assets held by trustee:			
Investments and cash	\$ 31	137	-
Accrued interest receivable	15,701	-	6,936
Prepaid insurance	187	-	-
Total current assets	<u>15,919</u>	<u>137</u>	<u>6,936</u>
Noncurrent assets:			
Assets held by trustee:			
Investments	722,102	-	271,334
Total noncurrent assets	<u>722,102</u>	<u>-</u>	<u>271,334</u>
Total assets	<u>\$ 738,021</u>	<u>137</u>	<u>278,270</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ -	-	-
Accrued interest payable	-	-	-
Bonds payable, net	519,893	-	-
Total current liabilities	<u>519,893</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:			
Bonds payable, net	379,992	-	-
Total noncurrent liabilities	<u>379,992</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 899,885</u>	<u>-</u>	<u>-</u>
Net assets (deficit)	<u>\$ (161,864)</u>	<u>137</u>	<u>278,270</u>

See accompanying independent auditors' report.

Schedule 3

Principal Account	Interest Account	Administrative Expense Account	Cost of Issuance Account	Total
-	-	1	-	169
-	-	-	-	22,637
-	-	-	-	187
-	-	1	-	22,993
-	-	-	-	993,436
-	-	-	-	993,436
-	-	1	-	1,016,429
-	-	2,658	4,274	6,932
-	18,750	-	-	18,750
-	-	-	-	519,893
-	18,750	2,658	4,274	545,575
-	-	-	-	379,992
-	-	-	-	379,992
-	18,750	2,658	4,274	925,567
-	(18,750)	(2,657)	(4,274)	90,862

IOWA HIGHER EDUCATION LOAN AUTHORITY

Revenues, Expenses, and Changes in Net Assets Information Higher Education Facilities Program Funds Private College Facilities Refunding Revenue Bonds, Series 1996 Year ended June 30, 2006

	Revenue Account	Earnings Sub-Account	Debt Service Reserve Account
Operating revenues:			
Interest income:			
Investments	\$ 25,933	4	16,836
Facilities loans	<u>16,554</u>	<u>-</u>	<u>-</u>
Total operating revenues	42,487	4	16,836
Operating expenses:			
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Operating income (loss)	<u>42,487</u>	<u>4</u>	<u>16,836</u>
Transfers, net:			
Transfer to general fund	-	-	-
Other	<u>(54,210)</u>	<u>55</u>	<u>(23,479)</u>
Total transfers, net	<u>(54,210)</u>	<u>55</u>	<u>(23,479)</u>
Net change in net assets	(11,723)	59	(6,643)
Net assets (deficit) at beginning of year	<u>(150,141)</u>	<u>78</u>	<u>284,913</u>
Net assets (deficit) at end of year	<u><u>\$ (161,864)</u></u>	<u><u>137</u></u>	<u><u>278,270</u></u>

See accompanying independent auditors' report.

Schedule 4

Principal Account	Interest Account	Administrative Expense Account	Cost of Issuance Account	Total
-	-	-	-	42,773
-	-	-	-	16,554
-	-	-	-	59,327
-	48,849	4,439	-	53,288
-	(48,849)	(4,439)	-	6,039
-	-	(1,810)	-	(1,810)
-	66,859	10,775	-	-
-	66,859	8,965	-	(1,810)
-	18,010	4,526	-	4,229
-	(36,760)	(7,183)	(4,274)	86,633
-	(18,750)	(2,657)	(4,274)	90,862